

Xin Chao Vietnam

Market performance

	26 Apr	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,215.77	(2.6)	4.6	7.0	10.1
Turnover (VND bn)	18,699				
VN30 (pt, % chg.)	1,275.04	(2.0)	9.2	13.3	19.1

Major indicators

	26 Apr	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.55	0.1	0.0	(0.0)	0.1
3-yr govt bonds (% bp chg.)	0.96	0.0	0.0	0.3	0.1
VND/USD (% chg.)	23,051	0.0	0.1	0.1	0.2
VND/JPY (% chg.)	21,395	(0.1)	(1.7)	4.0	4.5
VND/EUR (% chg.)	27,881	(0.6)	(2.4)	0.7	2.1
VND/CNY (% chg.)	3,554	(0.1)	(0.7)	0.4	(0.4)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.58	0.0	(0.1)	0.5	0.7
WTI (USD/bbl, % chg.)	61.00	(1.8)	0.0	15.9	25.7
Gold (USD/oz, % chg.)	64.88	(1.9)	0.5	16.0	25.3

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	81.0	FUEVFNVD	(363.6)
TCB	74.4	VPB	(109.6)
AMD	64.8	VCB	(66.2)
PAC	45.8	MBB	(63.7)
VIB	20.9	STB	(41.1)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUEVFNVD	357.2	VPB	(269.9)
NVL	98.1	VRE	(61.5)
PDR	54.8	CTG	(58.8)
VHM	48.3	VNM	(40.3)
MBB	33.0	BID	(35.4)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Media & Entertainment	2.5	Telecommunication	(4.6)
Others	0.2	Utilities	(4.1)
		Automobiles	(3.8)
		Retailing	(3.4)
		Diversified Financials	(3.2)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** The short-term correction
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- **Fundflow 19 – 23 Apr:** Inflow across Vietnam reaches the all-time high

Sector & Company

- **Aviation:** Sector review
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New listing & Public offerings

KIS market view

	OP (VND bn)	NP (VND bn)	EPS growth (% yoy)	PE (x)	PB (x)	EV/EBITDA (x)	ROE (%)
2018	191,785	119,519	29.7	15.2	2.7	13.6	17.7
2019	238,659	144,922	24.2	13.8	2.4	11.0	17.4
2020F	270,014	151,973	7.3	17.1	2.7	11.5	16.1
2021F	304,264	177,159	18.9	14.4	2.3	10.3	16.4

Note: KIS Universe coverage of 35 companies that account for 58% of all listed (VNIndex) firms' earnings based on the past three-year average

KIS macro forecast

	1Q20	2Q20	3Q20	4Q20F	2019	2020	2021F
GDP (% yoy)	3.8	0.4	2.6	4.5	7.0	2.9	5.9
Trade balance (USD bn)	3.8	1.9	10.7	2.5	10.4	19.0	1.8
CPI (% yoy, avg.)	4.9	3.2	3.0	0.2	5.2	3.2	2.4
Discount rate (% EoP)	3.5	3.0	3.0	3.0	4.0	3.0	3.0
VND/USD (avg.)	23,264	23,206	23,188	23,252	23,231	23,252	23,219
US GDP (% qoq)	(4.8)	(31.7)	33.1	4.0	(3.5)	(3.5)	6.3
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	2.3	2.3	8.5

Source: KIS, Bloomberg

Market commentary & News

Market commentary

The short-term correction

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The Vietnam stock market collapsed on the previous trading day, confirming the short-term correction and increasing the tendency to retest 1,200 pts level.

Among VN30 Index, NVL (+6.9%), PDR (+5.5%), VPB (+3.9%), SBT (+0.7%), and STB (+0.4%) were index top 5 outperformers whilst VIC (-4.9%), VHM (-5.1%), VCB (-5.2%), MWG (-3.4%), and MSN (-5.0%) were top 5 index laggards.

Among top 5 index weight tickers, only VPB (+3.9%) positively impacted the index whilst HPG (-2.3%), TCB (-2.6%), VNM (-3.5%), and VIC (-4.9%) dragged the benchmark down significantly.

Relating to foreign trading activities across VN30, selling activities surged, with net sell value recorded at VND240bn. Particularly, VPB, VRE, and CTG were sold the most whilst NVL, PDR, and VHM attracted the most demand across VN30.

However, the market ended up to be net bought with net buy value was VND80bn.

The collapse has confirmed the short-term correction phase. However, uptrend is still maintained in wider time frame as well as 1,200 pts level will set the strong demand zone for the market. In this case, investors should buy leading stocks when VNIndex positively reacted with this area.

Breaking news

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► Euro: ECB sustains the stimulus policy

ECB remained its policy rates, including interest rates on the main refinancing operations, the marginal lending facility, and deposit facility, unchanged at 0.00%, 0.25%, and -0.50% in the meeting on April 22, 2021. Besides, the central bank of the Eurozone sustains its stimulus stance to strengthen the economic recovery by carrying out constantly net asset purchases with a total envelope of €1,850 billion until at least the end of March 2022. (ECB, KIS Việt Nam)

Macro & strategy

Fundflow 19 – 23 Apr

Inflow across Vietnam reaches the all-time high

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► Vietnam foreign flow

Last week, foreign selling activity continued to overwhelm but selling pressure has slowed down. Net sell value was USD48mn, down 50% WoW.

Selling activities kept spreading to all major sectors. Particularly, Materials, Real Estate, and Financials were sold the most, mainly focus on HPG, VHM, VRE, KDH, VPB, CTG, and MBB, fading the strong demand on VIC, PDR, VCB, STB, and HDB. Besides, Consumer Staples and Industrials also experienced the strong divestment due to large sell orders on VNM and VSC.

► South East Asia ETF flow

SEA recorded high level of inflow. Net outflow was USD59mn, a 5-month high. To be specific, the surge in money outflow was mainly contributed by the dramatic inflow across Vietnam. In contrast, Indonesia and Malaysia continued to experience the outflow whilst Thailand turned around to attract the flow of money last week.

Money inflow across Vietnam skyrocketed, net inflow was USD58mn, reaching the all-time high. Particularly, inflow ticked up thanks to the massive flow of money which flew to Fubon FTSE Vietnam ETF (USD60mn). Besides, VFMVN Diamond kept attracting the stable level of money inflow whilst X FTSE Vietnam and MAFM VN30 ETF experienced the total outflow of USD5mn

Sector & Company

Aviation

Neutral (Maintain)

The attempt on long way

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- ▶ 2020 – The worst year in History of Aviation

Since March 2020, most countries across the globe have closed borders and limit domestic travel as a response to the COVID-19 outbreak. In the near 120-year development year of the global aviation industry, it witnessed many crises such as Oil crises 1970s and 1990s, the September 11 terrorist attack, or the SARS-2003 outbreak but the COVID-19 pandemic is the worst. It has brought an unprecedented impact on global aviation markets.

- ▶ Have Gloomy Sunday melodies ended?

Since November 2020, pharmaceutical firms have announced COVID-19 vaccine successfully tests. However, multiple variants of COVID-19 are developing and causing new waves with new infections are rising and so are deaths. The new variant has been fueling India's deadlier new wave of cases in recent times. The future of aviation remains a matter of dispute.

- ▶ Waiting for a comprehensive innovation

In the past, the aviation industry made dramatic changes to really adapt to the business environment. The oil crisis inspired the quest for fuel efficiency, this first came through weight reduction by using composite materials. R&D of aircraft engines has also continuously promoted, the Airbus NEO is saving fuel around 12%-15% compared to the previous iteration. For a long time, travel by air is a luxury good for humans, airlines primarily catered to the affluent and businessmen. However, the low-cost carrier business model was born by Southwest Airlines. Today, everybody can fly with low ticket prices. The world after the September 11 terrorist attack, aviation safety is more concerned. It witnessed large scale changes in security both onboard and in the airport.

The COVID-19 pandemic has impacted virtually all aspects of our lives such as social distancing, stopping public transport, restrictions on travel, etc. Thanks to technology development and digital transformation, the business trip is made possible by face-to-face call. As a result, many passengers will be lost. Aviation industry will be faced more problems than it. This is a huge challenge for the industry, and it requests a comprehensive innovation as in the past.

- ▶ Ahead is the Sky

Despite the deep challenges facing aviation because of the pandemic, we believe aviation is an attractive long-term investment. The main reasons are 1) The world is getting steadily richer—about half the world is now middle class or richer so tourism demand continues to rise, 2) A tech revolution in the aviation industry make air travel safer before the pandemic and 3) Ancillary revenue has taken off, promote greater cash flow.

Bao Minh Insurance (BMI)

Flourishing financial profit is the highlight

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- ▶ Better management for claim settlement expenses and underwriting expenses

Total direct insurance operating expense significantly decreased to VND 799bn (-8.5% yoy).

In 1Q21, the number for claim and maturity payment expenses reached VND 384bn (+16.7% yoy). However, the increasing amount was deducted by claim recoveries came from outward reinsurance which ramped up to VND 99bn (+175% yoy).

The claim reserve for direct insurance and outward insurance also decreased to VND 9bn (-55% yoy). Underwriting expenses plunged by 5.5% yoy to VND 498bn.

Loss Ratio, Combination ratio and Combination ratio still maintains at nearly the same level as 1Q20, which is 36%, 62% and 98% respectively.

- ▶ The growth in earnings is spurred by the financial profit

Insurance activities in 1Q21 pegged net profit at VND 22bn (-45% yoy).

The income from financial activities still remains on track. In 1Q21, the income was VND 81bn (+68.8% yoy). On the other hand, the expense to achieve this income was down 56.4% yoy, to VND 17bn. The profit from financial activities was impressive with VND 63bn (+530 yoy), this is the highest quarterly figure recorded for 10-year period.

Flourishing financial income came from the reversal VND 10bn in provision for securities value decline and realized profit from invested securities.

In general, Bao Minh booked VND 70bn into 1Q21 Profit after tax (+70.7% yoy).

- ▶ AGM highlights: Conservative revenue target but high earnings expectation.

In AGM held on 24th April 2021, The Board of Director proposed a conservative revenue target which is equal to 2020 actual revenue. But they aimed to improve the business efficiency when decreases the claim amount and expense plus with strong financial income. Target for 2021 PBT is VND 277bn (+19% vs. 2020 Actual).

Board of Director have suggested for 20% stock dividend and 20% bonus share from their capital surplus. The payment is expected to be made not later than 2Q21 and lifts paid-in capital to VND 1,096bn.

According to Boad of Director, Bao Minh will focus on digitalization applied in both underwriting management and claim processing. Furthermore, Company will push the sales through other emerging channel like insurtech or Bao Minh's website.

New listing & Public offerings

▶ New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
4/28/2021	HLY	Viglacera Ha Long I JSC	UPCoM	10.0	1,000,000	17,000
4/27/2021	HSV	Ha Noi Iron And Steel JSC	UPCoM	50.0	5,000,000	10,500

▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
5/4/2021	AAA	An Phat Bioplastics JSC	2,217.6	75,000,000	14,000	-

- **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

- **Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months**

- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

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